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Northern Natural Resource Development: Requirements, Procedures, and Legislation

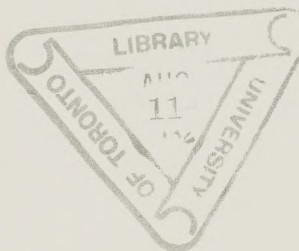
Northern Affairs Program

Canada




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Contents

5	Introduction
6	How to Use This Book
7	Part 1 - Required Authorities and Review Processes
10	Part 2 - Required Procedures
10	Land Use
14	Water Use
18	Land Tenure (Leasing)
20	Quarrying
20	Lumbering
21	Mining
24	Oil and Gas Activities
26	Part 3 - Pertinent Legislation
26	Forests
26	Lands
27	Mining
28	Water
29	Oil and Gas
30	Indian Affairs and Northern Development Northern Offices



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Introduction

The Northern Affairs Program of the Department of Indian Affairs and Northern Development, charged with controlling development of natural resources in the Northwest Territories and the Yukon Territory, ensures that any such development is for the benefit of all Canadians and does the least possible damage to the environment and to the lifestyle of all northern residents.

When it is realized that the Northwest Territories and the Yukon Territory cover more than 45 per cent of Canada, yet have barely 75 000 inhabitants, it can be appreciated that the job of licensing and inspecting the many kinds of development activities is an immense one.

No less than 25 different pieces of legislation (acts of Parliament or sets of regulations), as well as a number of special cabinet directives set out the rules governing the many types of development in the North. These activities can range in scope from a single person out prospecting to the construction of a multi-billion dollar pipeline.

Major resource development proposals are subjected to a full social, economic and environmental review that includes extensive public consultation.

Northern residents can take part in the government decision-making process for almost all natural resource development activities that affect them or their environment. They can do this either individually or through their community and special interest groups.

A number of procedures are followed in order to involve northern residents. For example, land use permit applications may be referred to community and special interest groups for comment. Any recommendations they make are then considered by the Land Use Engineer.

In the case of applications for water use licences, a public meeting must be held by the Water Board in the community that will be most affected by the use of the water. These meetings must be advertised well in advance of the date they are to be held, and anyone can submit a written recommendation in advance or come to the meeting and speak to the members of the board. These opinions are reviewed by the members of the Water Board before a decision is made.

In addition, senior members of Indian Affairs and Northern Development make frequent visits to communities throughout the Northwest Territories, and the Yukon to find out, through meetings with councils, public meetings or talks with individuals, what northerners think about natural resource development.

How to Use This Book

The purpose of this book is to identify the authorizations required, to clarify the various procedures and legislation involved in northern natural resource development and to present them in a form that is easy to follow.

Part 1 of the book identifies the various licences, permits or other types of authorization a person or company requires to establish everything from a cottage lot to a mine or pipeline. It also includes descriptions of the review processes involved in northern natural resource development.

Part 2 contains a detailed explanation of the types of authorizations, the procedures involved when an application for authorization is made and the various organizations involved.

A brief description of the various acts and regulations administered by the Department of Indian Affairs and Northern Development can be found in Part 3.

Part 1 - Required Authorities and Review Processes

A number of authorities administered by the Northern Affairs Program of the Department of Indian Affairs and Northern Development must be obtained before northern resource development may take place. (see chart on p. 8)

Depending upon the nature of the project, certain interdepartmental review procedures may be required.

Interdepartmental Environmental Review Committee

The Interdepartmental Environmental Review Committee (IERC) co-ordinates a comprehensive interdepartmental review of the potential effects on the northern natural environment associated with each application for major resource exploration and/or development programs north of 60°. It is also responsible for establishing the environmental conditions for program approval procedures associated with such applications. Additionally, the IERC advises on deficiencies in environmental information on northern Canada, on the development of co-ordinated research programs, and on the adequacy of various regulations and guidelines that support the Department of Indian Affairs and Northern Development in carrying out its responsibilities for the northern natural environment.

Arctic Waters Advisory Committee

The Arctic Waters Advisory Committee (AWAC) advises the Department of Indian Affairs and Northern Development on matters relating to undertakings in arctic waters, including the environmental operating conditions to be attached to drilling authorities for offshore drilling. As well, AWAC provides a point of contact among federal government agencies, territorial governments and industry on matters relating to offshore projects.

Regional Environmental Review Committee

The Regional Environmental Review Committee (RERC) reviews each application for major resource exploration to determine if the project should be handled by a standard review process or referred to DIAND's Ottawa office for possible referral to the Federal Environmental Assessment and Review Office (FEARO).

Development Project

Authority

	Land Use Permit	Water Use Authorization or License	Drilling Authority	Land Tenure Agreement or Lease	Timber Permit	Quarrying Permit	Prospecting Permit
Airstrip	●	● *		● *		● *	
Cottage lot				●	● *		
Trail, road, highway	●	● *		● *		● *	
Hydro-electric development	● *	●		●			
Lumbering	● *	● *		● *	●		
Mine Development and operation	●	●		●			●
Mineral exploration	●	● *					●
Oil and Gas operations: Offshore exploration well Onshore exploration well Pipeline Production well (onshore)	● ● ● ●	● ● ●	● ● ●	● * ● ●		● ● *	
Power line	● *			●	● *		
Research project	● *	● *					
Resort		● *		●			
Rock and gravel quarrying	●					●	
Seismic operation (onshore)	●	● *					
Staging areas	●	● *		● *			

*May not be required

Land Use Advisory Committee

The Land Use Advisory Committee (LUAC) advises the Department of Indian Affairs and Northern Development on terms and conditions to be applied to land use operations under the Territorial Land Use Regulations. There are three of these interdepartmental committees: one at Whitehorse for the entire Yukon, one at Inuvik for the Inuvik-Norman Wells area, and one at Yellowknife for the rest of the Northwest Territories.

Federal-Territorial Lands Advisory Committee

The Yukon and the Northwest Territories each have what is known as the Federal-Territorial Lands Advisory Committee (F-TLAC) to co-ordinate land management work by the federal and territorial governments.

Environmental Assessment Review Process

All major projects that may have wide-ranging effects on the environment, for example, oil and gas production and transportation facilities are submitted to the Environmental Assessment Review Process (EARP) of the Department of the Environment. A complete review of the project is carried out to identify any potential social, economic and environmental impacts. A recommended course of action, which normally includes mitigating measures is provided to DIAND.

Part 2 - Required Procedures

Land Use

In very general terms, a land use permit authorizes a person or company to carry out a specific land use operation at a specified place, during a stated period of time and subject to conditions designed to protect the environment.

A few small activities, including anything done by a resident of the Yukon or the Northwest Territories in the normal course of hunting, fishing or trapping, do not require a permit. These activities also include anything done in the normal course of prospecting or locating a mineral claim (providing no machinery is used), and operations on lands where the federal government has transferred or granted surface rights to another party. In the Yukon mineral claim holders do not require a permit to work their own claims.

All other operations on Crown land in the Yukon or the Northwest Territories require either a Class A or a Class B land use permit, depending on their scope and the size of the area affected. Class A permits are required for all significantly large operations, and any operations in areas of special sensitivity. They may be issued within ten days from the time of application; however, because the Department of Indian Affairs and Northern Development may wish to consult with other experts, the Land Use Regulations provide for a period of up to 42 days from the time the application is received until the applicant is informed whether a permit will be issued.

Class B permits are for small operations and are normally issued within ten days of receipt of the application.

The accompanying chart illustrates the activities covered by each class of permit.

The Land Use Permit Application Process

When an application for a land use permit is received by the Land Use Engineer, a comprehensive study is made. The following is an outline of each step in the processing of an application. The numbers preceding each paragraph correspond to those along the top of the accompanying flow chart. (page 13)

(1) As soon as an application is received, it goes to the Land Use Engineer for review. The Engineer may consult with other experts inside and outside the Department of Indian Affairs and Northern Development to determine whether the application contains all the necessary information.

Land Use Activities by Class of Permit Required

Activity	Class A Permit	Class B Permit
Explosives	More than 150 kg (330 lbs.) in any 30-day period.	More than 50 kg (110 lbs.) but less than 150 kg (330 lbs.) in any 30-day period.
Use of vehicles	Any vehicle exceeding 10 t (22 046 lbs.) net weight.	Any vehicle of 5 t (11 023 lbs.) to 10 t (22 046 lbs.) net weight or exerting a pressure of more than 35 kpa (5 076 lbs. a square inch).
Drilling	Equipment with an operating weight of more than 2.5 t (5 511.5 lbs.) excluding bits, pumps and other ancillary equipment	Equipment weighing 500 kg (1 102 lbs.) to 2 500 kg (5 511.5 lbs.) excluding drill rods, etc.
Campsites	In use for more than 400 person-days	In use for 100 to 400 person-days by more than two people.
Fuel caches	Any cache of more than 80 000 l (17 597 Imperial gals.), or any single container with more than 4 000 L (880 gals.)	Any cache of 4 000 (800 gals.) to 80 000 l (17 597 gals.), or any single container of 2 000 to 4 000 L (439 to 880 gals.).
Earth moving and clearing: hydraulic prospecting	Use of any self-propelled or stationary machinery.	
Preparation of lines, trails, rights-of-way	Line, trail or right-of-way more than 1.5 m (4.921 ft.) wide and 4 ha (9.884 acres) in area.	Line, trail or right-of-way more than 1.5 m (4.921 ft.) wide, but less than 4 ha (9.884 acres) in area.

(2) Within the first three days, the Land Use Engineer decides whether to accept the application or to reject it as incomplete and return it to the applicant for further information. If accepted, it is determined whether a Class A or a Class B permit is required. If a Class B permit is required, it may be issued directly by the Land Use Engineer.

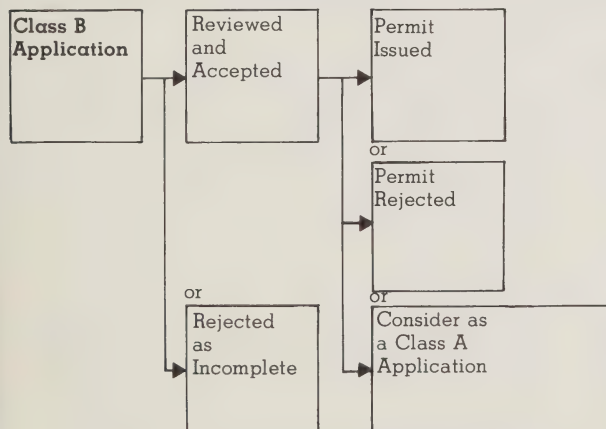
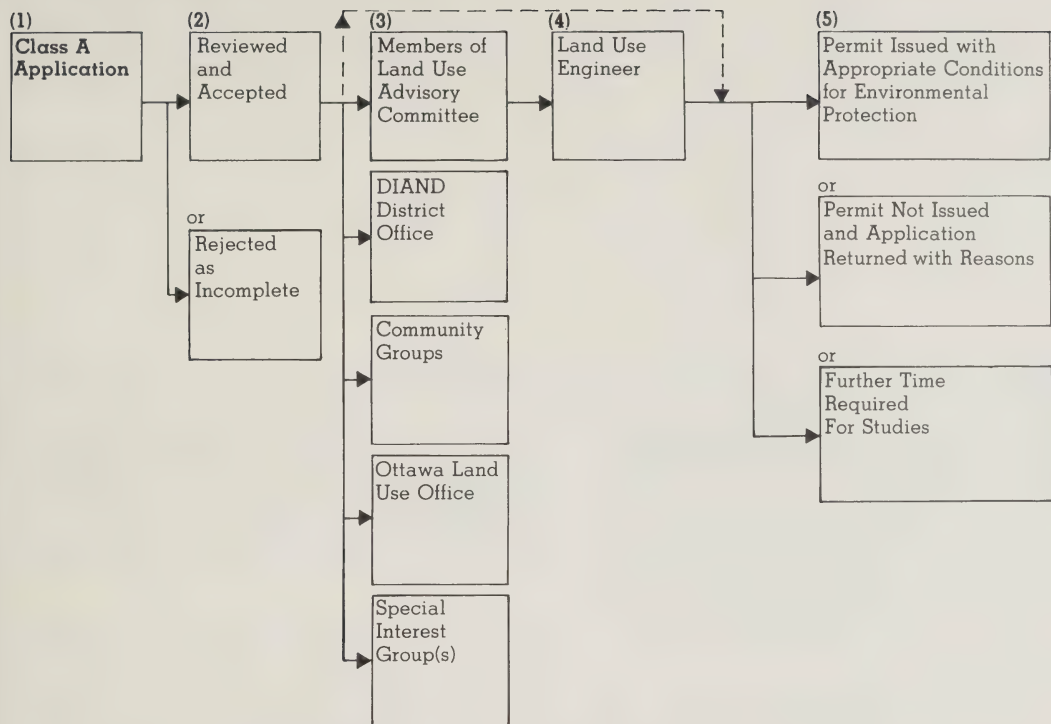
(3) If it is determined that a Class A permit is required, copies of the application and all relevant materials are forwarded to the Land Use Advisory Committee, the Ottawa land use office and the Department of Indian Affairs and Northern Development field office. Applications may also be forwarded to community and special interest groups.

(4) Those individuals or organizations that received copies of the application submit their recommendations on environmental concerns to the Land Use Engineer.

(5) The Land Use Engineer may issue a permit for a period not exceeding two years and subject to specific operating conditions; reject the application and return it to the applicant with a statement of the reasons for turning it down; or order a detailed land inspection, postponing a final decision for up to one year.

In all cases where permits are issued, either Class A or B, comprehensive land use inspections are carried out during the operation and at its conclusion to ensure the operation has been conducted according to the conditions of the permit, and the site has been properly restored.

Land Use Application Review Process



Field Offices

Applications for land use permits for projects in the following areas should be submitted to the Department of Indian Affairs and Northern Development offices indicated.

For projects in	Address applications to
Yukon	Head, Land Use 200 Range Road Whitehorse, Yukon Y1A 3V1
Inuvik-Norman Wells District	District Manager Box 2100 Inuvik, Northwest Territories X0E 0T0
Yellowknife and Arctic Islands District	District Manager Box 1500 Yellowknife, Northwest Territories X1A 2R3
Remaining areas in the Northwest Territories	Regional Manager Land Resources Box 1500 Yellowknife, Northwest Territories X1A 2R3

General information about permits can be obtained at the above addresses, or at any of the Department of Indian Affairs and Northern Development offices listed at the end of this book.

Water Use

A licence or authorization is required for any person, company, agency or municipality intending to use inland waters. The use of inland waters for firefighting, flood control or for domestic purposes by a person owning or living on land adjacent to the waters does not require a licence or authorization.

A water licence sets out the specific conditions governing any large-scale use of inland waters in the Yukon and the Northwest Territories for industrial, agricultural, exploration or municipal purposes (including waste disposal), to ensure that the quality of these waters is maintained at the highest possible level.

Licences are issued by the Yukon or the Northwest Territories Water Boards, upon approval by the minister of DIAND, under the authority of the Northern Inland Waters Act and Regulations. A licence can be issued for any time period up to 25 years.

Smaller, short-term water uses do not require a licence, but must have a written authorization from the Controller of Water Rights of the Department of Indian Affairs and Northern Development in either the Yukon or the Northwest Territories.

An authorization can be issued by the Controller of Water Rights for water use by an unincorporated municipality or any other use requiring less than 227 300 l, (50 000 gals.) a day or for a period of no more than 270 days. In most instances, an authorization is suitable for construction projects, exploratory drilling, seismic operations, installation of highway culverts and similar short-term projects.

The Water Use Licensing Application Process

There is a formal review process between the time a water use application is received and a licence to use water is issued. The following is a summary of each step in the review process. The number(s) preceding each paragraph refers to the numbers along the top of the accompanying flow chart. (p. 16)

(1) Applications are received by the Water Board. If the proposed water use falls within certain limits defined in the regulations of the Northern Inland Waters Act, the Controller of Water Rights may issue an authorization to use water without a licence to the applicant.

(2) If, after reviewing the application, a licence is required, and having determined that all the required information is on hand, the Water Board must publish a public notice in the Canada Gazette and local papers reporting the nature of the licence applied for and inviting interested parties to submit briefs at a public hearing. All application documentation is made available to the public at various locations.

(3) & (5) Prior to and following the public hearing, the application is given a technical review by individuals with appropriate expertise.

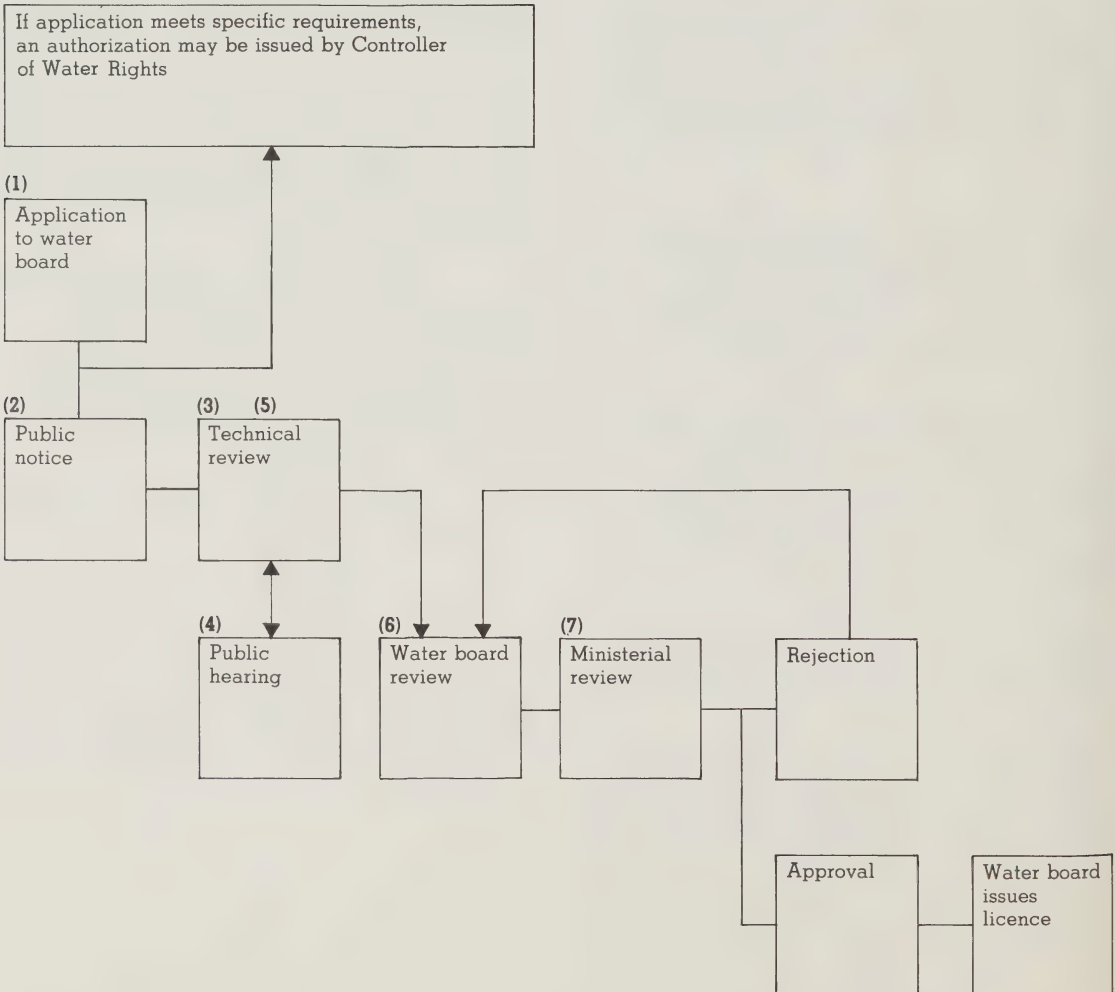
(4) A public meeting is held to discuss the application, usually at the community nearest the location of the proposed water use, unless there is absolutely no public interest in the application.

(6) A meeting of the Water Board is held to determine whether to recommend that the licence be approved or turned down, and, if approved, what conditions it shall be subject to.

(7) The Minister can either approve the licence and conditions as recommended by the Water Board (he does not have the authority to alter the conditions), or reject the licence and return the application to the board. In the latter case, the Water Board will review the licence in light of the Minister's decision.

Before any licence is issued, the applicant may be required to put up a security deposit of up to \$100 000, or 10 per cent of the capital cost of the project, whichever is greater. Department of Indian Affairs and Northern Development field staff inspect the project during construction and operation to ensure licence conditions are met.

Water Use Licensing Application Process



Water Board and Committee Composition

There are two water boards in the North, the Yukon Territory Water Board and the Northwest Territories Water Board. The membership of each Board is made up of at least three persons named by the Commissioner in Council, and three representatives nominated by the federal Ministers of Indian Affairs and Northern Development, Environment, and National Health and Welfare. Appointments are made by the Minister of Indian Affairs and Northern Development; he also appoints a Chairperson and Vice-Chairperson from the current members.

Water Board Technical Committee

The Northwest Territories Water Board technical committee is made up of members from government and industry who have expertise in various fields. The members are appointed by the Board and provide advice on technical matters. The Yukon Territory Water Board has a number of sub-committees composed of Board members who study various subjects and make recommendations to the full Board.

Field Offices

For detailed information concerning the Northwest Territories and the Yukon Water Boards and applications for licences or authorizations, contact:

The Chairperson,
Northwest Territories Water Board
P.O. Box 1500
Yellowknife, Northwest Territories
X1A 2R3

or

The Chairperson
Yukon Territory Water Board
200 Range Road
Whitehorse, Yukon
Y1A 3V1

For interpretation of legislation, policies and regulations, contact:

Regional Manager, Water Resources
Department of Indian Affairs and Northern
Development
P.O. Box 1500
Yellowknife, Northwest Territories
X1A 2R3

or

Regional Manager
Water Resources
Department of Indian Affairs and Northern
Development
200 Range Road
Whitehorse, Yukon
Y1A 3V1

Land Tenure (Leasing)

Whether it's a pipeline or a cottage in the wilderness, all development projects in the Yukon and the Northwest Territories have one thing in common: a need to use and occupy land.

In the territories almost all land outside established communities is still held by the federal government as Crown land, and the normal practice is for the government to lease this land to interested parties for a specific period of time. Administration of this land is the responsibility of the Department of Indian Affairs and Northern Development.

The following is an outline of the steps in the processing of most land tenure agreements or leases. The number preceding each paragraph correspond to those along the top of the accompanying flow chart. (p. 19)

(1) When the application is submitted to a Department of Indian Affairs and Northern Development field office (see list at the end of this booklet), the field staff conduct a preliminary review of the application, including an inspection of the land if required.

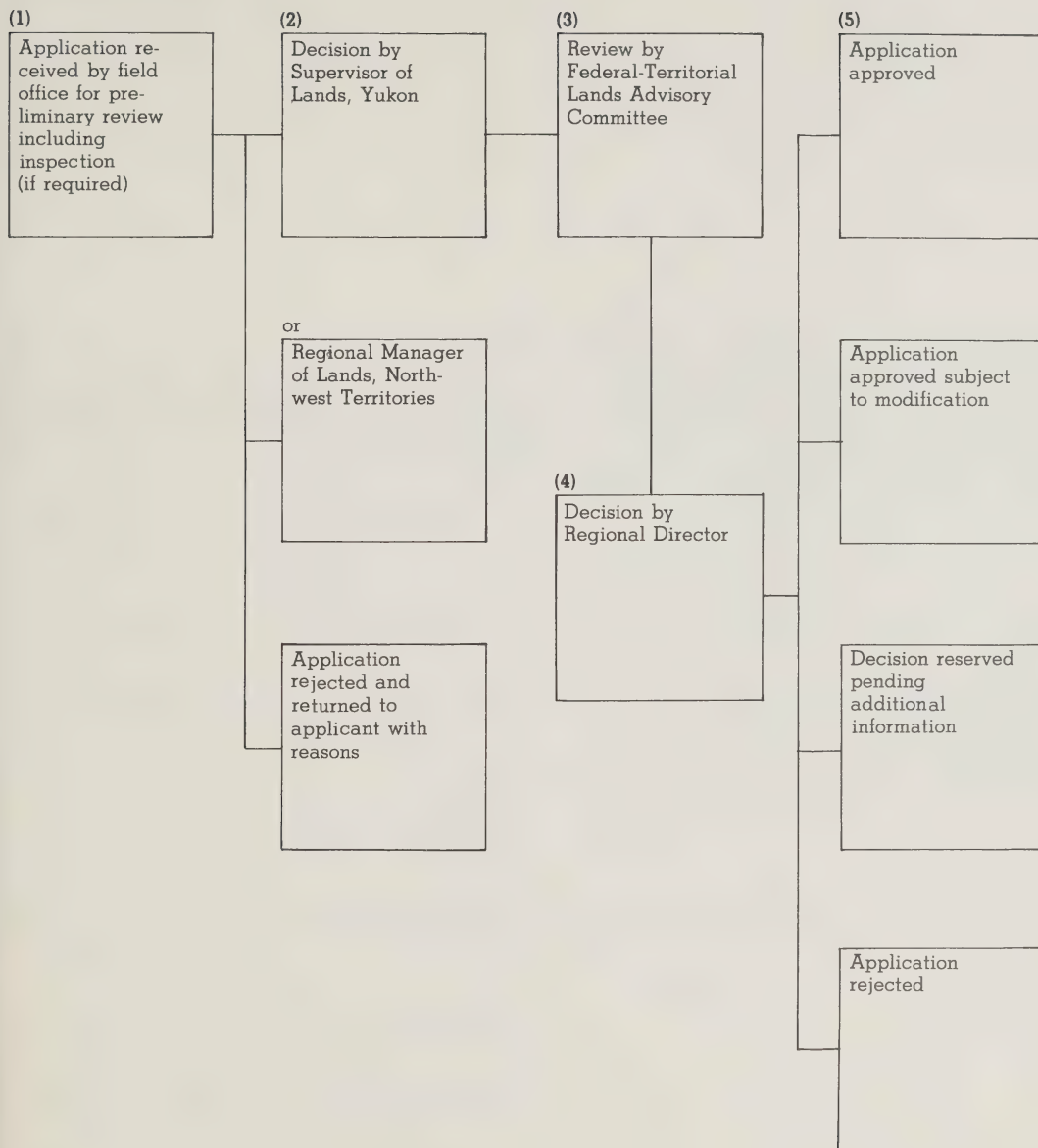
(2) The application is then forwarded to the Supervisor of Lands, or the Regional Manager of Lands for processing. At this point, the application may be rejected because the proposed land use is against government policy, or it may be returned to the applicant for amendment and re-submission. Where the proposed land use conforms to the definition of a special use in an agreement between the federal and territorial governments (for example, cottage lots subdivisions), the review by the committee is eliminated.

(3) Where the proposed land use meets the government requirements, the application is forwarded to the Federal-Territorial Lands Advisory Committee for review by appropriate departments of both the federal and territorial governments.

(4) The committee members forward their recommendations to the regional director of the Department of Indian Affairs and Northern Development.

(5) The Regional Director may approve the agreement, approve it subject to modification by the applicant, reject it, or reserve a final decision until additional information is supplied.

Land Tenure Agreement (Leasing of Crown Land)



Quarrying

The quarrying of sand, gravel, stone, topsoil, peat and similar materials from federal Crown lands is regulated by permit issued under the Territorial Quarrying Regulations. Permits are valid for one year from the date of issue. They are issued free of charge to any resident of either territory to remove up to 50 cu. yards (38.22 m³) of sand, gravel or stone or 15 cu. yards (11.3 m³) of loam in any one year for private non-commercial use. Commercial users pay an application fee plus a royalty to the Crown for each cubic yard (0.75 m³) of material quarried.

Further information concerning the regulations and areas where material may be quarried can be obtained from any of the field offices listed at the end of this booklet.

Lumbering

Timber harvesting in the North is controlled by the Territorial Timber Regulations. Each person or company must obtain a permit to cut a tree except for the following:

- a trapper, a prospector or a scientist who may cut a quantity of fuel wood;
- a householder who may cut two Christmas trees; or,
- a holder of a permit or licence issued in accordance with the Territorial Land Use Regulations.

Permits are issued without payment of dues to:

- an educational, religious or charitable institution, or a hospital in either territory;
- any federal, territorial or municipal government;
- any resident to cut 90 m³ stacked of fuel wood (25 cords) for his own use; or,
- any person to clear land.

Regular permits are issued for sawtimber to a maximum of 15 000 m³ of wood at a rate of 20 cents per cubic meter. Other rates are applicable to special products or classes of timber.

Further information concerning the Territorial Timber Regulations and locations where timber may be cut can be obtained from any of the field offices listed at the end of this booklet.

Mining

In Canada, as in most countries of the world, ownership of a piece of land does not necessarily mean ownership of what lies under the surface. In the Northwest Territories and the Yukon the rights to minerals (as well as oil and gas) belong to the people of Canada, represented by the federal government.

The rights to explore for and eventually to mine these minerals are administered mainly under the Canada Mining Regulations in the Northwest Territories, and the Yukon Quartz Mining Act in the Yukon, through the Department of Indian Affairs and Northern Development. There are considerable differences between the two pieces of territorial legislation but basically three steps are involved:

1. *Prospecting* – Varying from one man with a hammer to a complicated airborne magnetometer search, complete with many different and expensive instruments for measuring changes in the earth, prospecting may be carried out by individuals or by companies.
2. *Claiming* – When a promising area has been discovered, claims may be staked and recorded.
3. *Leasing* – If work shows an area to be promising, the recorded holder of a claim may apply for a mineral lease giving him security of tenure for a 21-year period with the exclusive right to develop a mine. A surface lease may also be required to occupy Crown land.

Various areas in both territories are not open to prospecting, claiming and leasing such as lands occupied by buildings which are in use, church or cemetery grounds, Indian reserves, national parks or areas reserved for the military or other specific government use. Details of these exceptions may be obtained from the appropriate Mining Recorder.

Prospecting

Licences

Prospector licences are required in the Northwest Territories to permit an individual or company to prospect and stake out mineral claims on unoccupied federal Crown lands. Licences obtainable from the Mining Recorder's office in Yellowknife are available to any individual 18 years of age or over for a fee of \$5, and to any company registered to do business in the Northwest Territories for a fee of \$50.

In the Yukon Territory no licence is required to prospect and stake mineral claims.

Permits

Effective February 1st of each year, the Department of Indian Affairs and Northern Development Yellowknife office issues prospecting permits that grant the holder the exclusive right to prospect a specified area in the Northwest Territories. Applications for permits must be made to the Yellowknife Mining Recorder's office between December 1 and 31 of each year.

Permits cover an area of approximately 18 750 ha (45 000 acres) and are valid for a period of three years south of the 68th parallel and five years north of the 68th parallel. The three-year permits require permittees to spend 10, 20 and 40 cents in exploratory work for every acre (0.4 ha) specified in the permit during the first, second and third year respectively. The same amounts are required for the five-year permit during the first two-year period, second two-year period and final one-year period. Each year permittees are required to deposit a performance bond equal to the amount they must spend on exploration. Permittees may stake any number of mineral claims in their permit areas and they may relinquish their permits at the end of any year provided they have done the required work for each period.

No prospecting permits are issued for the Yukon Territory.

Claiming

The procedures involved in the staking, recording and maintenance of mineral claims have the same basic principles in the two territories, but because of the vast differences in the geographical terrain and the dates that the two pieces of legislation were promulgated (the Yukon Quartz Mining Act in 1924, and the Canada Mining Regulations in 1977), there are considerable variations in the details of these procedures.

Staking the Claim

In the Yukon Territory, a two-post-staking method is used to stake a claim. A post is placed at each extremity of a location line which cannot exceed 458 m (1 500 ft.). Side boundaries are determined by the distance to the right or left of the location line inscribed on the "number one" post. The claim can run in any direction, not necessarily in a North-South direction. The maximum area of a claim is 21.5 ha (54.6 acres) and a person is limited to eight claims within a 16 km (10 mi.) radius during a twelve-month period.

In the Northwest Territories, a four-post method is used to stake a claim. Posts must be placed at each of the four corners of a claim which must lie in a North-South direction, the "number one" post being at the northeast corner. Since "block staking" is allowed, each block of not more than 1 076 ha (2 733 acres) must have legal boundary posts erected at intervals of not more than 458 m (1 500 ft.) along the perimeter of each claim. There is no limit to the number of claims a person may stake.

Recording the Claim

In the Yukon Territory, a claim must be recorded with the appropriate Mining Recorder within 15 days of the staking date if it is located within 16 km (10 mi.) of the recording office. One additional day is allowed for each 16 km (10 mi.) thereafter. A recording fee of \$10 a claim is imposed. This also entitles the claim holder to a copy of the recording documents and a set of claim tags which are to be affixed to the claim posts as soon as possible after the claim is recorded.

In the Northwest Territories, claims must be recorded with the Mining Recorder in Yellowknife within 60 days of the staking date. Recording fees are calculated at ten cents an acre (0.4 ha) based on the area estimated by the claim holder. The claim holder is provided with a copy of the recording documents and tags for identifying claim posts at a cost of \$1.00 a set.

Maintaining the Claim

In the Yukon Territory, a claim is valid for one year from the date it is recorded and can be maintained for additional years, provided the claim holder does representation work on the claim to the value of \$100 a year or makes a payment in lieu of the work for the same amount.

In the Northwest Territories, a claim is valid initially for two years; thereafter it can be maintained year-to-year if the claim holder annually performs representation work equal in value to the number of hectares contained in the claim times \$2. Should the holder fail to perform the work, he may make a deposit with the Mining Recorder equal to the required work value and the deposit is refunded if the work is completed the following year. A claim holder must apply for a mineral lease by the end of the tenth year from the date the claim was recorded; if this is not done, the claim lapses.

The representation work for both territories is specified by law and can include geological, geophysical, and geochemical surveys, diamond drilling, trenching, shaft sinking and other underground work or specialized evaluations.

Leasing

In the Yukon Territory, a claim holder may start production from his claim at any time, but in order to secure tenure, an application for a 21-year mineral lease may be made, provided at least \$500 in exploratory work or payment in lieu has been made, a legal survey is approved, and other procedures are completed. Leases for the entire 21-year period are \$50 for the original term and \$200 for renewals.

In the Northwest Territories, a claim must be leased after ten years or when production in excess of \$100 000 a year has been attained, but the claim holder may lease at any time provided \$10 an acre (0.4 ha) in exploratory work is completed and legal survey is approved. Mineral leases are issued for 21-year periods with annual rentals at \$1 an acre a year for the original period and \$2 an acre a year for renewals.

Oil and Gas Activities

In the North, oil and gas rights are administered under the Canada Oil and Gas Act by a joint administration known as the Canada Oil and Gas Lands Administration (COGLA) a component of the Departments of Indian Affairs and Northern Development, and Energy, Mines and Resources. The Department of Indian Affairs and Northern Development is still responsible for the management of northern resources and the attainment of northern national objectives that encourages exploration and development in harmony with socioeconomic benefits and environmental safeguards.

The Canada Oil and Gas Act (Bill C-48) passed third reading in the House of Commons on December 9, 1981 and received Royal Assent on December 18, 1981. The former Canada Oil and Gas Land Regulations remain in force to the extent that they are consistent with this Act until they are revoked or replaced by regulations made under this Act.

To explore for or the production of oil and gas it is necessary to obtain an operating licence under the Oil and Gas Production and Conservation Act. The operating licence, issued for a one year term, will replace the exploratory licence issued under the former Regulations.

The former permit and lease system is replaced by a new system of licences, the *Exploration Agreement* and the *Production Licence*. As a transitional measure for existing rights, a *Provisional Lease* may also be granted. A relatively brief period is provided for replacement of existing oil and gas rights by those to be negotiated and granted under the new land management regime.

An exploration agreement confers the right to explore for, and the exclusive right to drill for, oil and gas on the lands specifically described in the agreement. The terms and conditions are negotiated between the explorer and the federal government. The holder of an exploration agreement may not produce and sell oil or gas, but has the provisional right to obtain a production licence. A production licence confers the exclusive right to produce oil or gas and, subject to obtaining a production order and payment of any applicable royalty to Her Majesty in right of Canada, confers title to the oil or gas so produced.

An Exploration Agreement will be for a maximum term of between 5 and 8 years and may be renewed. A Production Licence will have a 10 year term commencing with the day of first production.

Offshore Drilling

Prior to giving permission to drill an offshore well, such as those being drilled from drillships or artificial islands in the Beaufort Sea and from thickened ice platforms in the high Arctic, a company must follow the procedures outlined in the Canada Oil and Gas Drilling Regulations. Under these regulations, a company must apply to the Chief Conservation Officer (COGLA) in Ottawa for general approval of the broad aspects of a proposed drilling program.

In order to obtain permission to drill an offshore well, a company applies for a drilling authority to the Regional Oil and Gas Engineer (COGLA) in Yellowknife. In the case of a well to be drilled from a man-made island, the company also applies to the Regional Director (DIAND) for a surface lease and licence to dredge sea-bottom sands.

The regional Chief Conservation Officer reviews the technical drilling proposal and sets well control and safety requirements. At the same time, DIAND's Assistant Director, Renewable Resources, using the Arctic Waters Advisory Committee, reviews the environmental aspects of the project and sets environmental operating conditions which may be attached to the drilling authority or the surface lease or licence to dredge.

Part 3- Pertinent Legislation

The following is a list of the important acts and regulations administered by or governing the actions of the Northern Affairs Program of the Department of Indian Affairs and Northern Development and their major characteristics.

Forests

Forest Protection Ordinance provides authority to prosecute individuals for the careless handling of open fires and the deliberate setting of fires. It also allows for the conscription of members of the general public in times of forest fire crises. A permit is required during the fire season (normally May 1 to September 30) for any open fire other than a small fire for cooking or warmth.

Territorial Timber Regulations control the harvesting of the timber resources of the Yukon and the Northwest Territories by requiring operators to obtain permits for cutting trees.

Lands

Canada Land Surveys Act governs the specifications regarding methods of survey, accuracy, stakes, and plans of survey relating to all legal surveys of federal Crown land made under the instructions of, or subject to, the approval of the Surveyor General.

Land Titles Act and Regulations govern the procedures for the registration, recording and transfer of documents relating to titled lands in the Northwest Territories and the Yukon through land titles offices. The regulations specify that land titles offices be located in each of the territorial capitals.

Public Lands Grants Act provides for the disposition of Crown lands not covered under the Territorial Lands Act or other legislation. The leasing of offshore land under the Arctic Ocean, for such purposes as the construction of artificial islands, is done under this act.

Territorial Lands Act provides for the administration and protection of northern Crown lands all of which are under the direct control of the Minister of Indian Affairs and Northern Development.

Territorial Land Use Regulations provide for the issuing of land use permits controlling all activity involving the use of heavy vehicles, establishment of large camps, extensive use of explosives and the clearing of lines, trails and rights-of-way. Such activities include all well drilling, seismic operations, mineral exploration, and construction of access roads.

Territorial Quarrying Regulations govern the use of Crown-owned limestone, granite, slate, marble, gypsum, loam, marl, gravel, sand, clay, volcanic ash, or stone in territorial lands in the Northwest Territories or the Yukon. The regulations specify lease requirements, permits, applications, fees and royalties, and other procedures.

Mining

Canada Mining Regulations govern the disposition of Crown-owned minerals in the Northwest Territories and in Canada lands on the continental margin. The regulations specify licence requirements, marking and recording of claims, work performance, lease rentals and production royalties, and other procedures.

Yukon Quartz Mining Act contains provisions similar to the *Canada Mining Regulations* as they concern lode (that is, bedrock) minerals in the Yukon.

Yukon Placer Mining Act is similar to the *Yukon Quartz Mining Act* except that it concerns placer minerals (that is, those that can be washed out from sand or gravel) in the Yukon.

Territorial Dredging Regulations govern the disposition of rights to dredge for minerals in the underwater beds of rivers in the Northwest Territories and the Yukon.

Territorial Coal Regulations govern the disposition of rights to coal in the Yukon and the Northwest Territories.

Yukon Blasting Ordinance provides controls similar to those for the Northwest Territories in the *Mine Safety Ordinances and Rules*.

Mine Safety Ordinances and Rules set out standards of safety for mining operations in the Yukon and the Northwest Territories respectively. In the Northwest Territories, they also provide controls for underground blasting operations, and storage and handling of explosives.

Explosive Use Ordinance, Northwest Territories provides controls for surface blasting other than for mining purposes (for example, seismic surveys).

Prospectors Assistance Regulations provide financial assistance to qualified prospectors exploring in the Yukon or the Northwest Territories.

Water

Northern Inland Waters Act and Regulations provide for the conservation, development and use of the water resources of the Yukon and the Northwest Territories, and for the establishment of Water Boards in each area to license all such water usage and waste disposal.

Arctic Waters Pollution Prevention Act and Regulations govern development and shipping activity in Arctic waters adjacent to the mainland and islands of the Canadian Arctic, to ensure the continuing welfare of the residents of the area, and to protect the ecological balance in water, ice and land areas.

Dominion Water Power Act and Regulations apply to any water power on public lands that are the property of Canada. The legislation governs two activities: the administration of existing developments and the survey and investigation of undeveloped water power.

Oil and Gas

Canada Oil and Gas Act provides for the disposal of rights to search for and take oil and gas from Canada lands, that is, the Yukon and the Northwest Territories and offshore areas under federal jurisdiction; for the control of oil and gas exploration activities; and for the payment to the Crown of fees, rentals, royalties and other related revenues.

Canada Oil and Gas Production and Conservation Act provides broad authority for the control of all activities associated with drilling, production, conservation and transportation of oil and gas in the Yukon and the Northwest Territories and in offshore areas under federal jurisdiction.

Canada Oil and Gas Drilling Regulations. Under the *Canada Oil and Gas Production and Conservation Act*, these regulations provide for the control of drilling operations, the prevention of pollution and the safety of personnel directly involved with wellsite operations.

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